

## WNC Partners for Nonprofit Success

### NONPROFIT INFRASTRUCTURE CHECKLIST

This list covers the foundation needed for your nonprofit organization including essential (E) and recommended (R) documentation, systems and support mechanisms. Much of this information is required to receive grant funding, as well as to demonstrate to the public, your clients, and prospective donors that you are good nonprofit stewards. In sum, this checklist tells you *what* basics your organization needs to have in place; another tool on this web site (Effectiveness Survey) provides self-assessment of *how* your organization is operating.

#### How to use this tool

- We recommend that nonprofit organizations periodically conduct an internal review of their organization’s compliance with all existing legal, regulatory, and financial reporting requirements and provide a summary of the results to their Board of Directors.
- This checklist is for internal use by nonprofit organizations. Staff can use the checklist to identify the organization’s administrative strengths and needs.
- The assessment tool is divided into the fundamental categories of nonprofit management: planning, governance, financial management, legal accountability, fund development, communications and evaluation; an additional section on administration/other is included.
- For each topic there are specific performance indicators with choices, including “Met,” “Needs Work,” “Not Applicable/Don’t Know.” After reading each indicator, place a check mark under the appropriate choice as to how your nonprofit performs to that indicator. Space is provided for notes.

<b>PLANNING</b>					
Rating	Indicator	Met	Needs Work	N/A	Notes
E	Clear written mission statement that reflects purpose, values and people served				
E	Strategic Plan developed and adopted by Board and Staff to achieve organizational mission (including system to monitor progress)				
R	Annual Operations Plan developed and adopted by Board and Staff (including system to monitor progress)				
<b>GOVERNANCE</b>					
Rating	Indicator	Met	Needs Work	N/A	Notes
E	By-laws: conforming to state statute, current, functional, used				
E	Articles of Incorporation filed with NC Secretary of State				
E	Tax exemption – Federal 501©3 and state (IRS determination letter and Form 1023 on file; plus IRS Form 990 filed annually)				

<b>GOVERNANCE (continued)</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
E	Board of at least five members, preferably more than seven, meets regularly (at least four times per year), operates with a quorum, and records minutes of all meetings				
E	Written Conflict of Interest Policy and Confidentiality Policy applicable to all Board and Staff and appropriate volunteers; disclosure statement to be signed annually				
E	Clear Board roles and responsibilities; published job descriptions, orientation and evaluation process in place				
E	Committee descriptions (purpose, structure, goals, activities)				
E	Board serves without compensation, unless the agency has a policy identifying reimbursable out-of-pocket expenses				
R	Term limits in place; leadership succession and transition plan for Board and Staff				
R	Board membership reflects diversity of constituents served				
R	Risk evaluation and management systems in place				
R	Disaster recovery plan				

<b>FUND DEVELOPMENT</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
E	NC Solicitations License for organizations that raise \$25,000 or more; renewed annually				
R	Annual Fund Development Plan developed and adopted by Board and Staff (including system to monitor progress)				
R	Donor database (contributions/restrictions)				
R	Grants management system, including: <ul style="list-style-type: none"> <li>• Copy of every proposal, acceptance/denial, evaluation, related correspondence</li> <li>• Reporting requirements, due dates</li> </ul>				
R	Reasonable fundraising costs over time; nonprofit should realize charitable contributions from fundraising activities that are at least three times the amount spent on fundraising				
R	Accurate and truthful solicitation and promotional materials				
R	Written gift acceptance and recognition policy				

<b>FUND DEVELOPMENT (continued)</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
R	Uphold restrictions placed on contributions by donors, including anonymity				
R	Solicitations are free from undue influence or pressure				

<b>EVALUATION</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
E	Evaluation system in place to measure progress in achieving results (best if this includes outcome evaluation, documenting how the organization is making a difference; plus formative evaluation, identifying ways the organization can improve)				
R	Stakeholders are included in evaluation				
R	Results are reported to appropriate constituencies				

<b>FINANCIAL MANAGEMENT</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
E	Board approves budget, including review of the percentages spent on programs, administration and fundraising				
E	Timely, accurate financial reports provided to Board, including: <ul style="list-style-type: none"> <li>• Income and expense statement for each program</li> <li>• Balance sheet for organization as a whole</li> <li>• Comparison of actual to budget year-to-date</li> </ul>				
E	For organizations with annual revenue exceeding \$300,000, annual audit by Certified Public Accountant				
E	Board approved financial policies governing: <ul style="list-style-type: none"> <li>• Accounting policies and systems (to comply with FASB and/or GASB requirements)</li> <li>• Investment of the organization's assets</li> <li>• Internal control procedures</li> <li>• Purchasing practices</li> <li>• Reserve funds (unrestricted current net assets)</li> </ul>				
E	Reserve fund, established via written policy, that is sufficient to cover operating expenses for a planned period of time				
E	The organization prepares cash flow projections				

<b>LEGAL ACCOUNTABILITY</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
E	Nonprofits must be aware of and comply with all applicable federal, state and local laws. These may include, but are not limited to, laws and regulations related to fundraising, licensing, financial accountability, human resources, lobbying, and taxation.				
E	Insurance coverage commensurate with the risks associated with operations (property, general liability, professional liability, directors and officers liability, fidelity bond, vehicle, etc.)				
E	Confidential means to report suspected impropriety (whistle blower protection policy to comply with Sarbanes/Oxley)				
E	Annual Report available upon request				
R	Written Advocacy Policy				

<b>COMMUNICATIONS</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
R	Communications and Marketing Plan				

<b>ADMINISTRATION/OTHER</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
E	Written personnel policies, Board approved and available to entire Staff (include attendance, leave, grievance, expense reimbursement, etc.)				
E	Staff members, including the executive director, are evaluated at least on an annual basis				
E	Board reviews the organization's overall salary structure and employee benefits				
E	Non-discrimination policy for Staff, governing body, committees and services delivered				
E	Job descriptions for all Staff indicating appropriate training and experience, and to whom the person is accountable				
R	Standards and policies for working with Contractual Employees and Consultants, if applicable				

<b>ADMINISTRATION/OTHER (continued)</b>					
<b>Rating</b>	<b>Indicator</b>	<b>Met</b>	<b>Needs Work</b>	<b>N/A</b>	
E	Facilities meet applicable state, federal and local requirements including accessibility, health, fire and safety codes				
R	Organization chart				
R	Records storage, retention and destruction policy (for personnel, finance, and other) to comply with Sarbanes/Oxley				
R	Technology Plan				
R	Electronic data backup and storage system in place				

### **Attribution**

This document incorporates key elements of the NC Center for Nonprofits Standards for Excellence, as well as the United Way of Asheville and Buncombe County Minimum Standards, and the Michigan Nonprofit Association Basic Infrastructure Checklist. We acknowledge and appreciate these organizations' work to help the nonprofit sector be accountable and effective.

### **For more information**

- You may want to go to the NC Center for Nonprofits web site ([www.ncnonprofits.org](http://www.ncnonprofits.org)) and look under FAQ (Frequently Asked Questions) for the document titled "How to start a 501(c)3 nonprofit," which covers many of the basics.
- For legal questions, go to [www.ncnonprofits.org](http://www.ncnonprofits.org) and type into the search box: Are You in Legal Compliance?. This is an excellent article from the NC Center for Nonprofits that covers most legal requirements for in-state nonprofits.

### **Next steps**

WNC Nonprofit Pathways provides a wide range of learning opportunities and resources to strengthen your nonprofit organization. Go to [www.nonprofitpathways.org](http://www.nonprofitpathways.org) to see how you might access additional assistance.